

Message Text

UNCLASSIFIED

PAGE 01 CONAKR 00535 161415Z

46

ACTION AF-06

INFO OCT-01 EUR-12 EA-09 NEA-10 ISO-00 AID-05 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00

XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01

INT-05 NSC-05 SS-15 STR-04 CEA-01 L-03 H-02 DODE-00

PA-02 PRS-01 GSA-02 /133 W

----- 030897

P R 161340Z MAR 76

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC PRIORITY 1721

INFO AMEMBASSY ALGIERS

AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY CAIRO

AMEMBASSY LAGOS

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

UNCLAS CONAKRY 0535

E.O. 11652:N/A

TAGS: EMIN EINV GU US

SUBJECT: POTENTIAL KAISER PARTICIPATION IN MIFERGUI-NIMBA

1. MEETING HELD SATURDAY MARCH 13 BETWEEN MINISTER OF ECONOMY AND FINANCE ISMAEL TOURE AND KAISER INDUSTRIES REPRESENTATIVE DON DUFFY, KAISER STEEL REPRESENTATIVE RAYMOND HAILE AND KAISER ENGINEERS REPRESENTATIVE BILL FISHER. KAISER PRESENTED MINISTER WITH RESULTS OF FEBRUARY 26 KAISER BOARD MEETING AT WHICH IT WAS DECIDED NOT TO PARTICIPATE IN MIFERGUI-NIMBA PROJECT UNLESS CERTAIN CONDITIONS MET. CHIEF AMONG THESE CONSIDERATIONS IS A RESTRUCTURING OF THE COMPANY TO BE UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CONAKR 00535 161415Z

ACHIEVED BY PROPOSING TO PRESENT PARTNERS AGREEMENT ON

TAKE OR PAY CONTRACTS FOR SPECIFIED QUANTITY OF ORE TO BE BACKED BY CONFIRMED IRREVOCABLE LETTERS OF CREDIT.

2. THIS PROPOSAL BEING MADE ON BASIS KAISER ANALYSIS THAT PRESENT PARTNERS (EXCEPTING INI, SIERRA MINERA AND ROMANIA) INCAPABLE OF TAKING ORE AND WILL BE UNABLE TO DO SO IN FORESEEABLE FUTURE, TO 1985. KAISER BELIEVES TAKE OR PAY CONTRACTS WILL WEED OUT MAJORITY OF PRESENT PARTNERS.

3. MINISTER TOURE AND DIRECTOR GENERAL PENSA FEEL KAISER CHANGED POSITION SINCE OALKAND MEETING. IN SUBSEQUENT CONVERSATIONS PENSA INFORMED ECON OFFICER GOG WELL AWARE CAPACITIES PRESENT PARTNERS AND APPRECIATES NEED FOR RESTRUCTURING. GOG BELIEVES THIS WILL BE ACCOMPLISHED IN TWO STAGES A) THROUGH CURRENT PROPOSAL FOR DOUBLING OF CAPITALIZATION OF PROJECT AND B) THROUGH A LATER PROPOSAL FOR TAKE OR PAY CONTRACTS. GOG DOES NOT BELIEVE SUCH CONTRACTS SHOULD BE PROPOSED AT PRESENT TIME.

4. AFTER MEETING KAISER SUBMITTED FORMAL LETTER TO MINISTER TOURE POSING QUESTIONS WHETHER GOG WOULD CONSIDER A CONSOLIDATION OF THE MIFERGUI-NIMBA COMPANY. IF GOG RESPONSE AFFIRMATIVE KAISER INDUSTRIES COPVPRATION WILL COMMENCE DISCUSSIONS IMMEDIATELY WITH MAJOR IRON ORE USERS (INCLUDING MITSUBISHI) WITH THE OBJECTIVE OF OBTAINING NEW PARTNERS AS CONFIRMED CANDIDATES FOR JOINING CLASS B PARTNERS. IF KAISER ABLE TO ATTRACT OTHER CLASS B PARTNERS THEN KAISER WILL TAKE AN EQUITY POSITION ALONG WITH NEW PARTICIPANTS.

5. IN MONDAY MEETING KAISER REPS SUGGESTED ISSUANCE OF PREFERRED SHARES TO PRESENT CLASS B PARTNERS. THESE PARTNERS WOULD THEN REDUCE THEIR EQUITY INTERESTS AND PROJECTED ORE TAKE. SUCH REDUCTION WOULD BE TEMPORARY AS THE OUTPUT FROM MIFERGUI-NIMBA COULD BE INCREASED FROM THE 15 MILLION TON/YEAR LEVEL. UPON COMPLETION OF THEIR STEEL-MAKING FACILITIES AT DATES SUBSEQUENT TO THE EXPLOITATION OF NIMBA ORE PRESENT CLASS B PARTNERS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CONAKR 00535 161415Z

WOULD THEN BE IN A POSITION TO TAKE ORE IN VARYING QUANTITIES AND COULD REACTIVATE THEIR PARTICIPATION AS PRIMARY INVESTORS.

6. MIFERGUI DIRECTOR GENERAL PENSA INFORMED KAISER IT IS LIKELY MIFERGUI WILL PROCEED WITH CALL FOR BIDS ON SECOND PHASE ENGINEERING STUDY. MIFERGUI SUGGESTED KAISER RESPONSE INCLUDE PROPOSAL FOR PARTICIPATION OF

KAISER AND IF DISCUSSIONS SATISFACTORY, OF MITSUBISHI. LATTER HAS INDICATED TO KAISER DESIRE TO PARTICIPATE IF SAME KAISER CONDITIONS MET.

7. OUTLOOK FOR KAISER PARTICIPATION IS POOR AT THIS POINT. MINISTER TOURE TOOK UNREALISTIC ATTITUDE, OFFERING TO PAY KAISER PLANE FARE TO LAGOS AND ALGIERS FOR CONFIRMATION OF THESE COUNTRIES STEEL PLANS. THIS ATTITUDE, IN ADDITION TO STATEMENT BY DIRECTOR GENERAL PENSA REGARDING ENGINEERING PLANS, INDICATES UNLIKELIHOOD OF EARLY WEEDING OUT OF PRESENT CLASS B PARTNERS TO MAKE WAY FOR STRONG IRON ORE USERS. FORMAL GOG RESPONSE TO KAISER LETTER IS EXPECTED NEXT WEEK.

8. MIFERGUI IS CONTINUING EFFORT TO PLACE OUTSTANDING SHARES, NOW TALLING 15 PERCENT WITH IMMINENT WITHDRAWAL OF GOVERNMENT OF EGYPT. NOW APPEARS LIKELY FRENCH FIRMS SOL-MER AND USINOR WILL SIGN AGREEMENT END OF THIS MONTH FOR FOUR PERCENT PARTICIPATION WITH OPTION TO RECRUIT OTHER FRENCH PARTNERS. MIFERGUI ALSO HAS REQUESTS FROM NIGERIA AND LIBYA FOR INCREASED PARTICIPATION, NO DOUBT MIFERGUI COULD PLACE ALL OUTSTANDING SHARES, HOWEVER, AS KAISER POINTED OUT, FINANCING WILL NOT BE POSSIBLE UNLESS MIFERGUI MAKES ROOM FOR THE TYPE OF NEW PARTNERS REQUIRED BY MAJOR SOURCES OF PROJECT FINANCING.
MACDONALD

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, STEEL, JOINT VENTURES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CONAKR00535
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760098-0955
From: CONAKRY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760358/aaaabyla.tel
Line Count: 142
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: wolfsd
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUL 2004 by vandyklc>; APPROVED <30 AUG 2004 by wolfsd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POTENTIAL KAISER PARTICIPATION IN MIFERGUI-NIMBA
TAGS: EMIN, EINV, GV, US, KAISER INDUSTRIES, (TOURE, ISMAEL), (DUFFY, DON), (HAILE, RAYMOND)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006